

FISCAL NOTE
HB 44 - SB 46
FIRST EXTRAORDINARY SESSION

April 12, 1999

SUMMARY OF BILL: Provides a tax credit, with regard to the Hall Income Tax, for taxpayers that are totally and permanently disabled or who are 65 years of age or older in the amount of the unreimbursed cost of prescription medications. The bill would take effect on January 1, 2000, but would not apply to tax returns for any tax year prior to 2000.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$100,000

Increase State Expenditures - \$157,500 One-Time

Decrease Local Govt. Revenues - Exceeds \$37,500

Estimate assumes:

- The total decrease in state revenues is unable to be determined but can be estimated to exceed \$100,000 based on information provided by the Department of Revenue that 40% of taxpayers in Tennessee are 65 years of age or older.
- Estimated collections for the Hall Income Tax for FY01 are approximately \$184,000,000.
- A one-time increase in state expenditures of approximately \$157,500 would result from MIS system implementation costs.
- Hall Income Tax is apportioned 5/8ths to the state and 3/8ths to local governments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director